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BOOK REVIEWS

Railway Corporations as Public Servants. By HENRY S. HAINES. New York: Macmillan, 8vo, pp. 233.

Mr. Haines, ex-vice-president of the "Plant System" of railroad and steamship lines and the author of *American Railway Management* and *Restrictive Railway Legislation*, again appears in print, discussing the privileges and responsibilities of the railways as public servants. Like the latter of the two books just named, the present volume represents the substance of a special course of lectures delivered before the Boston University School of Law during the past spring.

Students of railway problems are always glad to have the opportunity of reading the opinions of an experienced railway official, especially when, as in Mr. Haines's case, there is an honest attempt to look at the problem from the public as well as from the railway point of view. It is also in favor of the present volume that it possesses an easy, flowing style, and is free (with but an exception or two) from ambiguities of expression.

The reader will be disappointed, however, if he turns to the book with the expectation of finding new light thrown upon the difficult problem of state relationship. The arguments used are very familiar ones to students of economics, and it can hardly be said that the new setting, though interesting by reason of the personality of the author, has given to them any fresh emphasis.

Some of the statements in the book are more striking than true. For instance, Mr. Haines assures us that there would result from the state ownership of railways the establishment "of a hereditary class of wealthy idlers;" unfortunately, he does not attempt to prove it. On the following page, we are told that state management keeps down the wages of the employees with the expectation that the traveling public will make good the deficiency by tipping them. The prevalence of low wages and of tipping in the *privately* owned railway system of England he apparently ignores. Such random statements as these necessarily lessen the effectiveness of the book as a piece of special pleading.

In referring to the railroad consolidation that occurred during the

period 1880-90, and the consequent neutralization of competition and abnormally low competitive rates in certain areas, the author seems to regard with disapproval the lack of appreciation by "the people at the intervening local stations" of the relative improvement of their situation through the raising of the level of rates in the formerly competitive regions (p. 52). A few pages earlier (p. 45), he claims, however, that the railway companies had "outside of their own breastworks . . . battled for the favor of the public, regardless of profit; within their own lines, each conducted its traffic with a view to profit alone." The inference that would naturally be drawn from this statement is, surely, that the railways had, to a greater or less degree, made their competitive tariffs at the expense of the non-competitive localities. If this were so—there is no question but that the shippers at non-competitive points thoroughly believed it, not altogether illogically, perhaps—then it is not astonishing that they felt that they were entitled to some reduction of the high-level local tariffs. One sometimes comes across the argument that the actual level of freight rates is immaterial, that it is simply their relativity to one another that is important. This would be the case if demand were inelastic but, whenever this is not so, the higher level of price resulting from higher transportation charges is likely to restrict demand, thus imposing a potential, maybe an actual, check upon production, in other words, upon the industry and commerce of the producing and shipping community.

Mr. Haines uses very forcible language in discussing the promptness of the freight service of the country. But in order to give sufficient emphasis to his point, he ignores the real meaning of what he attacks as inadequate, viz., a freight-car movement of twenty-five miles per diem. "Let us now average," he writes, "the speed of a freight train at twenty-five miles per hour, or six hundred miles per day, and the average mileage made by the entire freight equipment of our railroad system at twenty-five miles per day; and we see that there is a difference of five hundred and seventy-five miles between the possible service that a freight car could render and the actual average service. In other words, it is possible for a freight car to render twenty-four times better service than is actually the case" (p. 154). Mr. Haines might just as well have assumed one hundred miles per hour because the whole comparison has nothing more than mere rhetorical value. As a railroad officer, he must have known that an average freight-car movement of six hundred miles a day, or

one hundred miles a day, is *not* possible, and that if the railways succeeded in raising the average daily movement from twenty-five miles to forty miles per diem, it would be a most remarkable achievement. Further, the fallacy of comparing a transit-speed—and hypothetical at that—with a use-record, that is the average journey speed of a train in transit with the average daily mileage of a car covering both transit and non-transit periods, is not pardonable from a man of the practical experience of Mr. Haines. The daily mileage of freight cars is of no practical service as an indication of speed of freight movement, but is simply useful as a means of comparing, in the most general way, from period to period, the use made of the railway freight-car equipment. Praise is bestowed ungrudgingly upon the promptness of freight handling in England (though here the writer is careful to limit his statement to merchandise traffic), but it is only in comparatively few trains that Mr. Haines's ideal standard of twenty-five miles per hour is attained, and then only, of course, while the train is in transit. There is a great deal of freight in England that moves quite slowly. On the other hand, it may be pointed out that out of such cities as New York, Chicago, St. Louis, and the like, there are merchandise trains performing services that by no means suffer in comparison with the English achievements. In using England as an example of what could be done in freight service, it is a pity that Mr. Haines did not warn his future readers to bear in mind the limited area of the territory served by English railways, the much higher proportion of double trackage, the practical monopolization of the metals at night by the freight service (there being the minimum of interference from passenger traffic), and the much lighter average train tonnage (at the cost though of a higher payment per ton mile by the shipper). That improvement in the handling of the freight service of this country can be and is being brought about cannot be questioned, but it is a mistake to set up an impracticable standard, based on a fallacious comparison of statistics.

Mr. Haines's general conclusions as to the impracticability of the "cost-of-service" theory as a basis of practical rate-making are orthodox, but it is a matter of regret that he allows to pass by without attacking the unwarrantable assumption that the passenger mile and the ton mile are in any way equivalent units of service.

Here and there in the volume there are statements lacking in preciseness sufficient to be misleading. The description of the anti-

pass clause of the recent Railroad Rates Act is a case in point (p. 72); also the statement that George Stephenson substituted steam for horse-power (pp. 25, 26), and on p. III whole series of decimal points have been overlooked by the proofreader with the result that the average passenger mile rates for Germany, Russia, and India are converted into 96 cents, 72 cents, and 5 cents.

Mr. Haines decries any attempt to determine the reasonableness of rates, but urges that the regulation of the law is wanted to regulate the relative incidence of rates upon communities with and without competitive roads. The latter task is no easier than the former.

He strongly believes in the substitution of federal supervision of railways for state supervision, but he is no supporter of federal ownership. There can be but little question that the movement of opinion is setting steadily in this direction, and that it will be to the advantage of the commerce of the country to be freed from the restrictions and incongruities of state control.

It will be gathered from the above that this volume deals with a large number of topics in connection with railway management and the facilities afforded. While these are not handled in detail, they are presented in an attractive way that ought to stimulate the interest of the general reading public in the question of the efficiency of the American railway service under its present organization.

ERNEST R. DEWSNUP

UNIVERSITY OF ILLINOIS

Adam Smith and Modern Sociology. By ALBION W. SMALL.
Chicago: The University of Chicago Press. London: T.
Fisher Unwin, 1907. Pp. ix+247.

In his searching analysis of the life and works of Adam Smith Dr. Small has several objects in view. He undertakes, for instance, to prove that Smith's *Wealth of Nations* was not merely a study of technical economics—a proposition which no one after reading Dr. Small's book can successfully dispute.

The author of the book has a fairly well-defined view, though not in detail the modern view of the general relations of human society and of the subordinate place occupied objectively, if not in conventional theory, by the economic section of activities to which the book is devoted.

Dr. Small further contends that the classical economists made an unwarranted departure from Smith's liberal programme—a point which, in the main, must be admitted.